Via Electronic Mail

January 6, 2006

Office of the United States Trade Representative
FR0423@ustr.eop.gov

# Southern California Comments on the Interim Environmental Review of U.S.-Thailand Free Trade Agreement

Thank you for inviting our comment on the Interim Environmental Review (IER) of the United States-Thailand Free Trade Agreement (FTA) and particularly for encouraging the provision of further information on the localized environmental effects of importing goods through Southern California.

This document presents the comments of the following organizations:

- Southern California Association of Governments, Regional Council, representing the following jurisdictions:

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|---|---|---|---|
| Adelanto | Cudahy | Laguna Niguel | Rancho Mirage |
| Agoura Hills | Culver City | Laguna Woods | Rancho Palos Verdes |
| Alhambra | Cypress | Lake Forest | Redlands |
| Anaheim | Desert Hot Springs | Lake Elsinore | Redondo Beach |
| Apple Valley | Diamond Bar | Lakewood | Rialto |
| Arcadia | Downey | Lancaster | Riverside |
| Artesia | Duarte | Lawndale | Rolling Hills |
| Avalon | El Centro | Loma Linda | Rolling Hills Estates |
| Azusa | El Monte | Lomita | Rosemead |
| Baldwin Park | El Segundo | Long Beach | San Bernardino |
| Banning | Fillmore | Los Alamitos | San Buenaventura |
| Barstow | Fontana | Los Angeles | San Clemente |
| Beaumont | Fullerton | Lynwood | San Dimas |
| Bell | Gardena | Malibu | San Fernando |
| Bellflower | Glendale | Manhattan Beach | San Gabriel |
| Bell Gardens | Glendora | Maywood | San Marino |
| Beverly Hills | Grand Terrace | Monrovia | Santa Clarita |
| Big Bear Lake | Hawaiian Gardens | Montclair | Santa Fe Springs |
| Bradbury | Hawthorne | Montebello | Santa Monica |
| Brawley | Hemet | Monterey Park | Santa Paula |
| Brea | Hermosa Beach | Moorpark | Seal Beach |
| Buena Park | Hidden Hills | Moreno Valley | Sierra Madre |
| Burbank | Highland | Murrieta | Signal Hill |
| Calexico | Holtville | Needles | Simi Valley |
| Calabasas | Huntington Beach | Newport Beach | South El Monte |
| Calimesa | Imperial | Norco | South Pasadena |

| | | | |
|---|---|---|---|
| Calipatria | Indian Wells | Norwalk | Temecula |
| Camarillo | Indio | Ojai | Thousand Oaks |
| Carson | Industry | Ontario | Torrance |
| Cathedral City | Inglewood | Oxnard | Tustin |
| Cerritos | Irvine | Palm Desert | Upland |
| Chino | Irwindale | Palm Springs | Victorville |
| Chino Hills | La Canada Flintridge | Palmdale | Walnut |
| Claremont | La Habra | Paramount | West Covina |
| Coachella | La Habra Heights | Pasadena | West Hollywood |
| Colton | La Mirada | Pico Rivera | Westlake Village |
| Commerce | La Palma | Placentia | Westmorland |
| Compton | La Quinta | Pomona | Yorba Linda |
| Corona | La Verne | Port Hueneme | Yucaipa |
| Covina | Laguna Beach | Rancho Cucamonga | Yucca Valley |

- Riverside County Transportation Commission (Executive Staff)
- San Bernardino Associated Governments (Executive Staff)
- Orange County Transportation Authority (Executive Staff)
- County of Riverside, California
- City of Long Beach, California

In addition, we have worked extensively on goods movement issues and have coordinated the development of these comments with staff of the following regional transportation agencies:

- Los Angeles County Metropolitan Transportation Authority
- Ventura County Transportation Commission

As the public agencies planning and constructing major regional transportation infrastructure within Southern California, we appreciate the opportunity to discuss the daunting environmental effects that face Southern California from the dramatic increases in the stream of imported freight through our region to the nation. To our knowledge, the IER is the first review of local domestic environmental effects attendant to trade agreements. We welcome the Administration's appreciation of the importance of such effects and would further welcome the opportunity to work with the affected federal agencies to mitigate them.

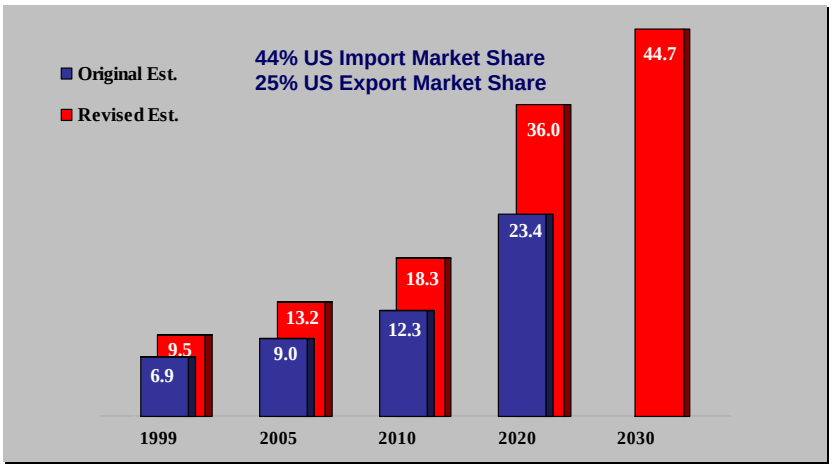
In brief, we believe there is a clear federal responsibility to help our region address the local domestic impacts of global trade. We look to the federal government to take the following specific steps:

- Control pollution sources under federal jurisdiction (locomotives, aircraft, trucks, vessels, and other cargo-handling equipment)
- Act to control international vessel emissions via treaty ratification
- Improve and expedite environmental review processes under the National Environmental Policy Act (NEPA)
- Support innovative funding approaches (both legislative and regulatory, as needed)
- Support development of collaborative implementation strategies
- Seek additional agreement provisions that will reduce environmental impacts in Southern California.

Further detail on each of these steps is provided in Section III.

While trade volume from Thailand is small compared to the total United States trade volume, the added trade under the FTA will contribute to a cumulative local effect that is enormous (see Figure 1 for the volume of trade anticipated and Section II regarding anticipated local effects). Furthermore, the FTA with Thailand would likely increase vessel traffic to Southern California. According to the IER (Annex VII, Data Tables), the Los Angeles Customs District already handles the single largest share of U.S. trade with Thailand (32.4% of imports and 29.7% of exports in 2004, by customs value) when compared with all other U.S. customs districts.

**Figure 1. Total Actual and Projected Container Growth, Ports of Los Angeles & Long Beach, CA (million TEU*)**




* Source: Ports of Los Angeles and Long Beach; TEU = Twenty-foot Equivalent Unit

The top bullet item on Page ii of the Executive Summary of the Interim Environmental Review states that "the United States-Thailand FTA is not expected to have a negative impact on the ability of U.S. government authorities to enforce or maintain U.S. environmental laws or regulations." We disagree. The additional emissions burden from increased Thai trade, however small, will move Southern California even farther away from attainment of health-based ambient air quality standards.

In submitting these comments, our goal is not to discourage the development of trade agreements in general, or to oppose this one in particular. Nor do we wish to undo a decade or more of federal trade policy. Instead, we wish to highlight the need for federal participation in addressing the localized domestic impacts from international trade. In economic terms, these impacts are externalities: no party to the trade transactions currently pays the cost of mitigation. The negotiation of the U.S.-Thailand FTA offers an opportunity to seek alternatives to this model that will ensure future trade benefits without undue local burdens.

# I. Background

The already vast population in Southern California – 16.5 million as of the 2000 Census[1] – is expected to increase to 22.9 million by 2030 (an increase of 38%, or approximately 6 million people within 30 years). This growth will place significant demands on the already burdened capacity of the region's transportation infrastructure, *independent of any consideration of the region's increasing prominence as an international freight gateway.*

Past federal agreements on international trade have caused tremendous localized environmental, public health, quality of life, and infrastructure impacts in our region. This is true for both marine and land-based modes of cargo transportation: vessels sailing to and from China as well as trucks crossing in and out of Mexico.

Southern California has long been in the unenviable position of having the nation's worst air quality. It is becoming clearer that the use of bunker and diesel fuel, predominantly for the transport of freight, is a large contributor to this status. Indeed, as passenger vehicles become cleaner, the impact of freight movement on air quality becomes even more apparent. Furthermore, new health studies are drawing ever stronger conclusions about the association of pollution with public health effects such as asthma, reduced lung function, and cancer risk.

Our local transportation infrastructure also bears a national burden from international trade. Over 70% of the goods entering through Southern California are headed for final destinations outside the region.[2] Taken together, the two huge ports of Los Angeles and Long Beach (the San Pedro Bay ports) are the fifth largest container ports in the world. They handle over 40% of the nation's imported container trade and a quarter of its exported containers.

Just to manage today's freight volumes, this gateway region hosts a vast system of rail corridors and intermodal yards, truck depots, warehouses and distribution centers reaching inland a hundred miles or more to Riverside and San Bernardino Counties. In Ventura County, Port Hueneme handles $4 billion a year in agricultural products, autos, and other general cargo, while Imperial County serves as the land gateway with Mexico. The region's freeways and rail lines, already famously congested, are the sites of daily competition between vehicles moving people and those moving freight.

# II. The Localized Impacts of International Trade

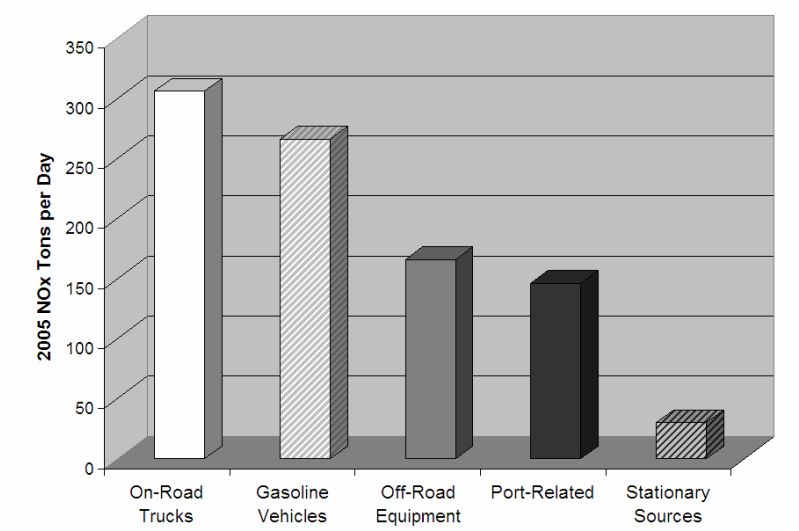
## *A. Public Health Impacts*

Despite the daunting challenges of a large urban area, a huge human and vehicle population, and a ring of mountains that traps pollution, Southern California has made great strides towards better air quality. However, improvements have begun to level off as the effects of regulation are offset by continued growth.

[1] Total for Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties.
[2] SCAG Port & Modal Elasticity Study, September 2005, http://scag.ca.gov/goodsmove/pdf/FinalElasticityReport0905.pdf.

In December 2005, the California Air Resources Board (CARB) issued a draft Emission Reduction Plan for Ports and International Goods Movement in California. This document compiles and summarizes current estimates of goods-movement related air pollutant emissions, both statewide and in Southern California. The document estimates that "[r]oughly one-third of all goods movement emissions statewide are generated in the Los Angeles region." It also points out that "[o]n a typical day, more than 400 tons per day of NOx are emitted from ports and goods movement activities in California, representing about 10 percent of the statewide NOx inventory."

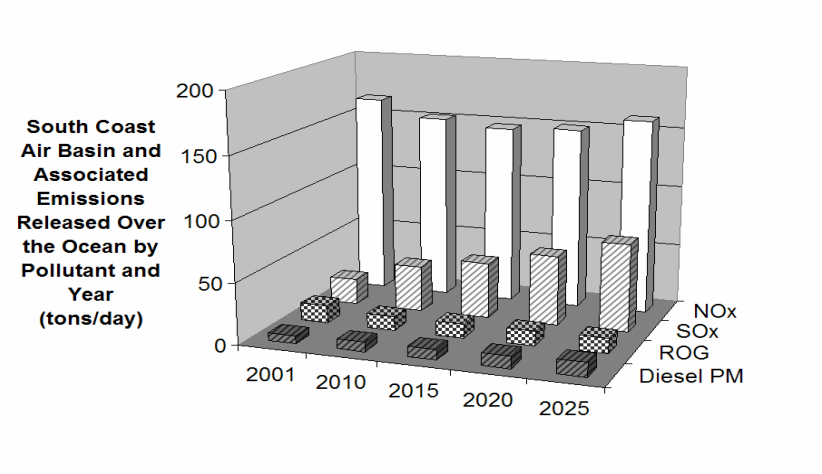
**Figure 2. Estimated 2005 NOx Emissions in the South Coast Air Basin (tons/day)**




Source: State Goods Movement Action Plan, Phase I, September 2005; California Air Resources Board, California Emission Inventory Development and Reporting System (CEIDARS).

Figure 2 shows the estimated magnitude of current NOx emissions from all source types in Southern California. Note the large contributions from both port-related sources – those located at the ports themselves – and on-road trucks, which are the main means of carrying goods throughout the region and often beyond. Figure 3 shows the estimated growth in goods movement-related emissions over time in Southern California, given current practices and trends.

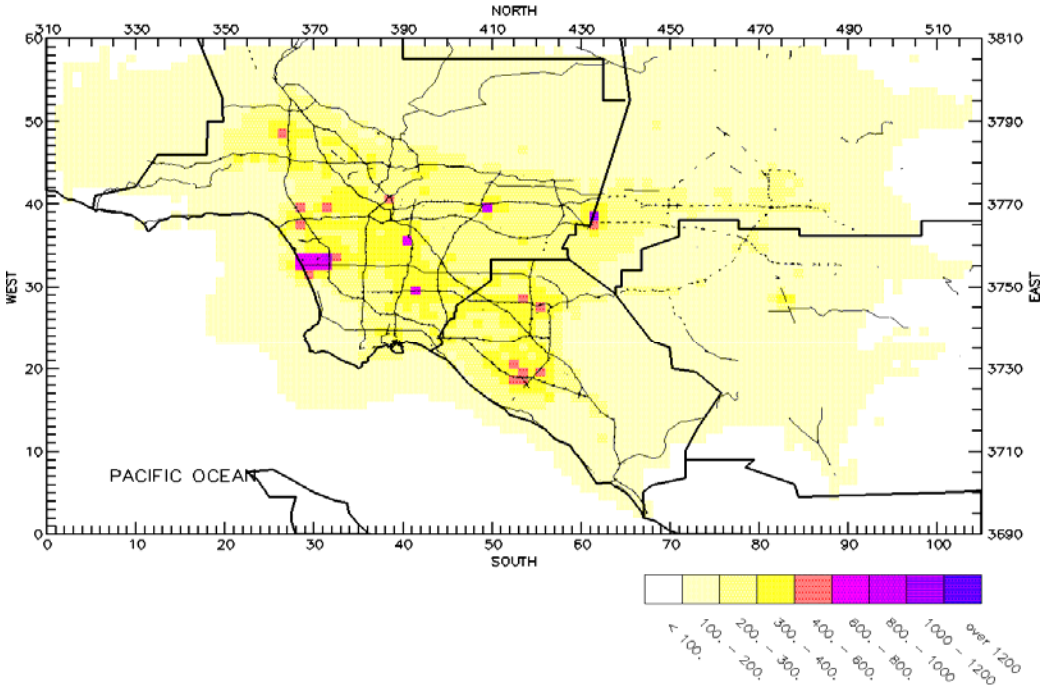
**Figure 3. Ports and International Goods Movement Emissions in the South Coast Air Basin**




Source: Estimates from California Air Resources Board Draft Emission Reduction Plan for Ports and International Goods Movement in California, December 2005

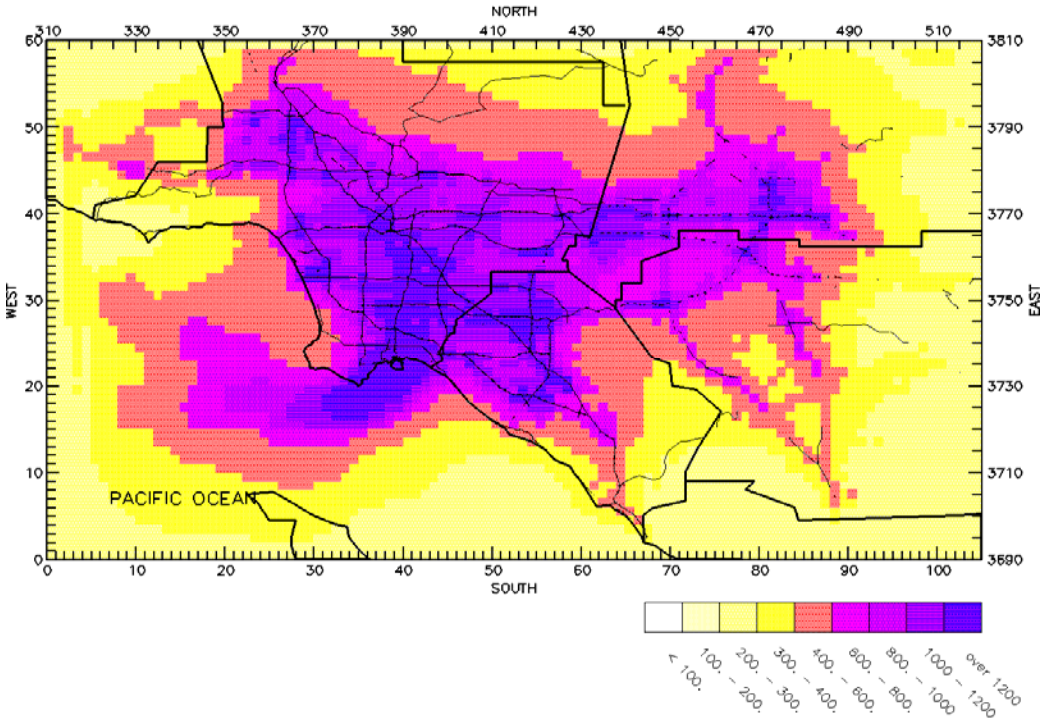
In Figure 3, note the near doubling of diesel particulate matter emissions. While their magnitude may be small in comparison to NOx emissions, diesel particulate has been listed by the State of California as a toxic air contaminant. The South Coast Air Quality Management District, in its 2000 Multiple Air Toxics Exposure Study (MATES) II, found that 70% of excess lifetime cancer risk from toxic air pollutants in the region was attributable to this pollutant. Figures 4 and 5 show the study's estimate of basinwide cancer risk without, and with, the contribution of diesel particulates, respectively – a dramatic difference.

**Figure 4. Estimated Risk of Cancer from Airborne Toxics: Excluding Diesel**




Source: SCAQMD, Multiple Air Toxics Exposure Study II, March 2000

**Figure 5. Estimated Risk of Cancer from Airborne Toxics: All Emission Sources**

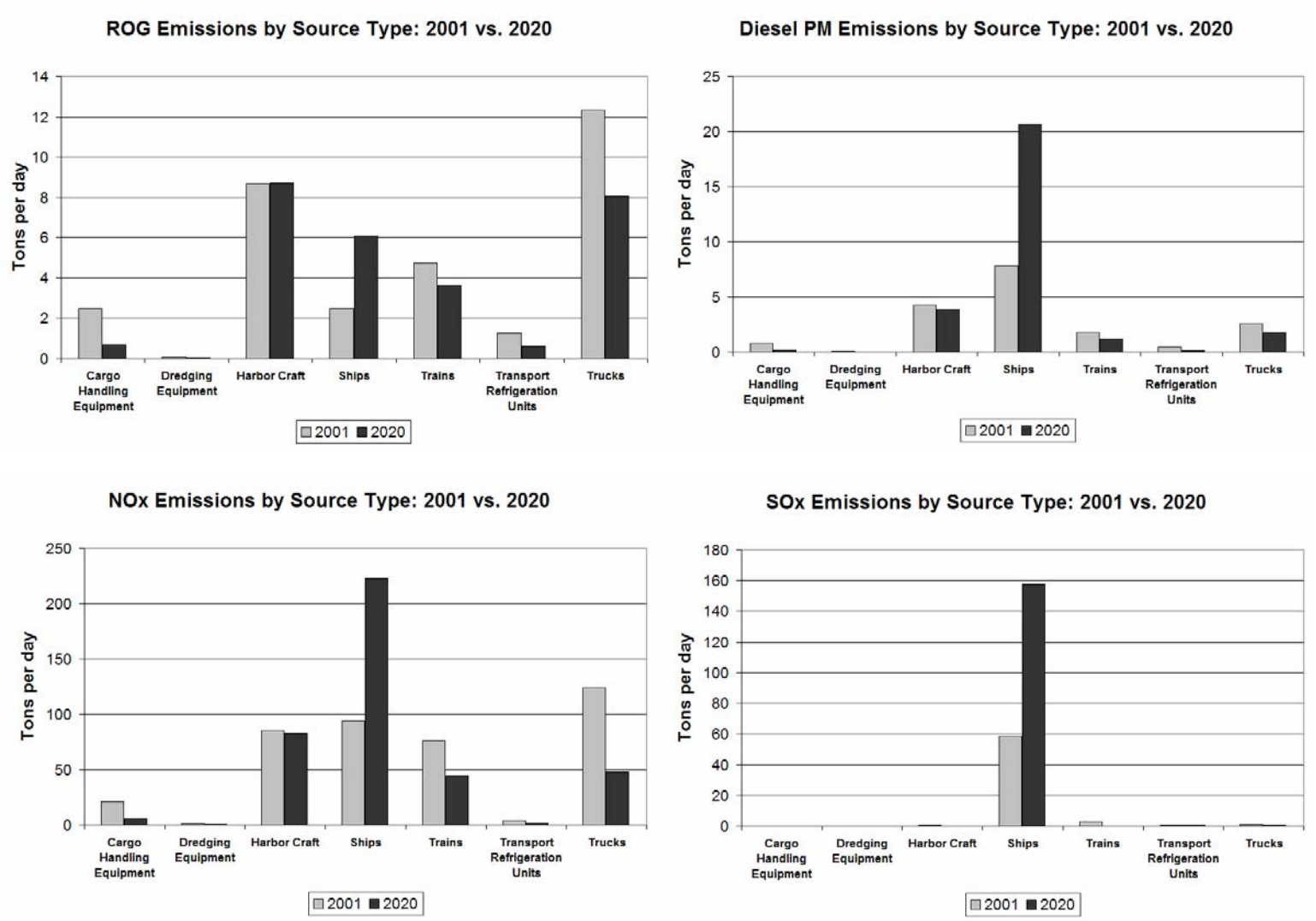



Source: SCAQMD, Multiple Air Toxics Exposure Study II, March 2000

Figure 6 on the next page shows the relative contributions of various source types to the statewide goods movement emissions inventory for four pollutants, in 2001 and projected for 2020. Note that ocean-going vessels (ships) will come to dominate the emissions inventory as other sources are gradually controlled. These vessels present a particular challenge to Southern California since their emissions are not under local, state, or even federal jurisdiction. In fact, vessels are the least well-regulated of the emission sources affecting our region. With the projected trade growth, we are likely to see a dramatic increase in ship traffic here, even with increasing vessel size. Though the share of this traffic (and traffic growth) from Thailand will likely be small, even a small increase in vessel traffic will serve only to worsen Southern California's air quality and the public health problems it causes.

**Figure 6. Statewide Ports and International Goods Movement Emissions: 2001 v. 2020**

Source: California Air Resources Board Draft Emission Reduction Plan for Ports and International Goods Movement in California, December 2005



Recent studies by Southern California researchers have demonstrated clear associations between ozone and diesel particulate pollution and public health impacts. The 10-year University of Southern California Children's Health Study found that "children in the more-polluted communities have:

- Reduced lung function growth (their lungs grow more slowly)
- Improvement in lung function if they move to a less polluted community
- More school absences from acute respiratory problems when ozone levels go up
- Asthma exacerbation (in areas with more traffic-related pollutants)
- More cases of newly diagnosed asthma (in areas with high ozone levels)."[3]

Another study published in the Journal of the American Medical Association concluded that "[l]ong-term exposure to combustion-related fine particulate air pollution is an important environmental risk factor for cardiopulmonary and lung cancer mortality."[4] Other studies have found:[5]

- Elevated risk of lung cancer in railroad workers (Garshick et al. 2004)
- More asthma cases among those within 150 m of a major road (McConnell et al 2005)
- Thickening of arterial walls in elderly women with exposure to fine particles (Künzli et al. 2005)
- Higher risk of pre-term and low-birth-weight babies near freeways with heavy truck traffic (Ritz et al. 2002)
- Triple the normal risk of cardiac birth defects in high-pollution areas (Ritz et al. 1998)
- Ultrafine particles (smaller than .1 micron) lodged in the brain and heart and in the mitochondria of cells (Oberdorster et al. 2004; Southern California Particle Center[6]).

The implications of these findings are reflected in estimated public health impacts summarized by CARB in Table 1. The agency estimates that anywhere from 260 to 1300 excess premature deaths occur per year in the state as the result of particulate matter and ozone levels related to international goods movement, as well as approximately 15,000 excess asthma attacks per year and 130,000 lost work days per year. The total estimated economic cost of these and related health effects: approximately $6.3 billion per year, statewide.

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[3] "Road To An Unhealthy Future For Southern California's Children," Andrea M. Hricko, USC Keck School of Medicine, August 2004. Also see W. James Gauderman et al., "The Effect of Air Pollution on Lung Development from 10 to 18 Years of Age," New England Journal of Medicine 351:1057-67, 2004.

[4] C. Arden Pope et al., "Lung Cancer, Cardiopulmonary Mortality, and Long-Term Exposure to Fine Particulate Air Pollution," Journal of the American Medical Association 287:1132-1141, 2002.

[5] The following references are cited in a presentation by Ed Avol of the USC/UCLA Southern California Environmental Health Sciences Center, available at http://scag.ca.gov/goodsmove/pdf/gmtf111605_EdAvol.pdf.

[6] See http://www.ph.ucla.edu/scpcs/ for references and further information.

**Table 1: Annual 2005 Statewide PM and Ozone Health Effects Associated with Ports and International Goods Movement[1]**

| Health Outcome | Cases per Year | Uncertainty Range[2] | Valuation (millions) | Uncertainty Range[3] |
|---|---|---|---|---|
| Premature Death | 750 | 260 to 1,300 | $6,200 | $2,100 to 12,000 |
| Hospital Admissions (Respiratory Causes) | 290 | 170 to 410 | $10 | $6 to 14 |
| Asthma Attacks | 15,000 | 3,600 to 26,000 | $1 | $0 to 2 |
| Work Loss Days | 130,000 | 110,000 to 150,000 | $23 | $19 to 26 |
| Minor Restricted Activity Days | 880,000 | 630,000 to 1,100,000 | $53 | $25 to 110 |
| School Absence Days | 330,000 | 85,000 to 610,000 | $28 | $7 to 53 |
| TOTAL VALUATION | N/A | N/A | $6,300 | $2,200 to 12,000 |

[1]Does not include the contributions from particle sulfate formed from $SO_X$ emissions, which is being addressed with several ongoing emissions, measurement, and modeling studies.
[2]Range reflects uncertainty in concentration-response functions, but not in emissions or exposure estimates.
[3]Range reflects statistically combined uncertainty in concentration-response functions and economic values, but not in emissions or exposure estimates.

Source: California Air Resources Board Draft Emission Reduction Plan for Ports and International Goods Movement in California, December 2005

The bullet item on Page i of the Executive Summary of the Interim Environmental Review says that "the likelihood and magnitude of [localized environmental] effects and increased risks, while difficult to quantify, appear to be small." While the magnitude of increased risks associated with Thai trade may indeed be small, we disagree that the likelihood is small – in fact, increased impacts are all but assured unless certain actions are taken.

## *B. Quality-of-Life Impacts*

Community members living in the areas most affected by goods movement cite numerous impacts to their quality of life, including:

- Noise from port activities, intermodal yards, and freeways, both during the day and at night. As freight movement spills into evening and weekend hours to accommodate growing volume, these impacts can be expected to worsen.
- Light at all hours from freight-related facilities.
- The visual blight resulting from proximity of freight facilities (intermodal yards, freeways, and warehouses) to homes. Residents complain of freight containers stacked so high that they begin to block the sky, and of trucks parked on

neighborhood streets. Truck intrusion into neighborhoods and near schools creates additional concerns.
- Vibration from passing trucks and trains.
- Derailment of freight trains into residential neighborhoods.
- Restricted mobility where rail lines cross arterial highways. These situations can increase police, fire, and ambulance response times; divide neighborhoods; pose a risk to pedestrians; and cause general travel delay for residents as well as for trucks carrying freight.
- Loss of agricultural lands and open space to the increasing development of large warehouses.

Residents of the areas most impacted by freight operations tend to have low incomes and often are members of minority groups. Thus both the health and quality-of-life issues are environmental justice issues. Federal policies direct the government to address environmental justice, and it is our hope that the trade agreement will not exacerbate these inequities.

## *C. Infrastructure Impacts*

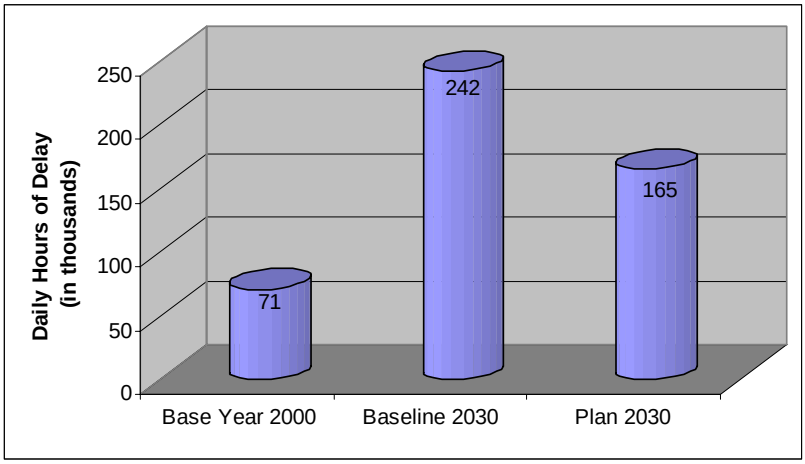
In addition to the effects described above, international trade brings with it heavy demands on Southern California's highway and rail infrastructure. The region's highway system, built in the 1960's and early 1970's, is near or beyond its design life and typically experiences demand in excess of capacity for six, eight, or more hours each day. This system consumes most of the dedicated right-of-way within the metropolitan area, meaning that there is little room in our crowded region for expansion.

Caltrans has estimated that a single loaded tractor-trailer can cause as much pavement damage as the passage of 9,000-10,000 passenger vehicles.[7] The agency has also stated that without the impact of these tractor-trailers, the need for a freeway maintenance budget would be almost nil. Thus it is safe to attribute the need for Southern California's annual highway maintenance budget (nearly $300 million[8]) almost entirely to the impacts of trucks used for goods movement.

Of course, Southern California is legendary for its heavy traffic congestion. Figure 7 presents estimated future truck delay figures for the region in 2030 from the Regional Transportation Plan. Note that even with all the regional infrastructure investments in the Plan, daily truck delay will more than double. Without these investments ("Baseline" conditions), delay will more than triple. Figure 8 emphasizes the dramatic growth in port-related truck trips expected in our region as a result of growth in international trade.

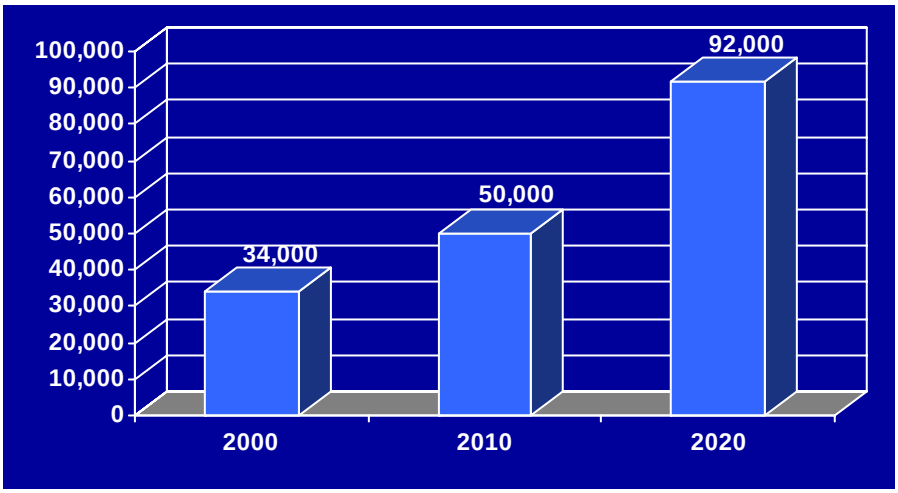
[7] Mike Myles, Deputy Director, Operations & Maintenance, Caltrans District 7, personal communication, January 4, 2006.
[8] 2004 State Highway Operation and Preservation Program Summary, Caltrans.

**Figure 7. Current and Projected Heavy Duty Truck Delay in Southern California**




Source: 2004 Regional Transportation Plan, SCAG

**Figure 8. Projected Growth in Daily Truck Trips Serving Ports of Los Angeles and Long Beach, CA**



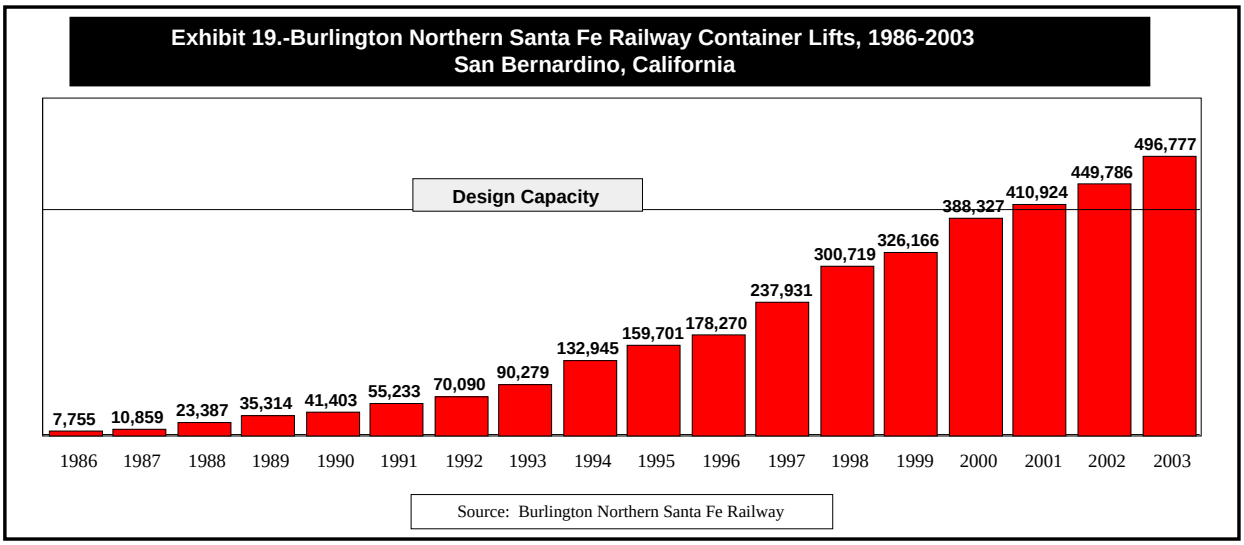

Source: Gill V. Hicks & Associates

Southern California's highway capacity is funded increasingly from local sources, but a growing share of this capacity is consumed in the service of interstate commerce. Combined with the public health and community impacts described earlier, this local burden amounts to an effective subsidy for the rest of the nation. According to the state's Draft Goods Movement Action Plan, Phase II, "The amount [of local sales tax revenue] dedicated collectively for state highway improvements has come to provide nearly fifty percent of the new capacity improvements to the state system."

Freight rail and intermodal yard capacity are also inadequate to accommodate projected growth. It has been projected that with no new rail mainline capacity, the region

could reach rail gridlock by 2010.[9] Commuter rail service often shares the tracks with freight trains, making it even more imperative to provide sufficient capacity. In this and in other ways, the growing demands of freight transportation impair the region's ability to meet capacity demand for passenger rail. Furthermore, the region's intermodal rail yards are stretched to capacity, as illustrated by the example in Figure 9. It is not clear that the railroads have access to sufficient capital to timely meet demand.

**Figure 9. Intermodal Container Growth at BNSF San Bernardino Facility**




### *D. Other Effects*

Clearly, transportation infrastructure affects water quality, by creating run-off that carries substances incidental to the transport of goods. Transportation infrastructure can also affect wildlife habitat and biodiversity, both through the direct consumption of open space and in less obvious ways. For example, diesel emissions from regional goods movement can cause broad-scale deposition of nitrogen on native vegetation, such as California coastal sage scrub (habitat of the California Coastal Gnatcatcher, a federally listed threatened species). This additional nitrogen can accelerate the growth of the vegetation, leading to more frequent large-scale brush fire events. The frequency of these fire events will affect the composition and functioning of the ecosystems in our region.

## III. Federal Cooperation in Addressing Localized Impacts

This section comments on the need and opportunities for cooperation and collaboration among local, state and federal agencies in implementing an effective regional goods movement strategy. The challenge is heightened by the fact that the goods movement industry is fragmented among multiple public and private actors; decision making is not vested in one body.

[9] SCAG, Los Angeles-Inland Empire Railroad Mainline Advanced Planning Study, October 2002, http://scag.ca.gov/goodsmove/pdf/LABasinMainLine2002.pdf.

It is also essential to note that the region lacks sufficient funding to resolve the demands on the goods movement system and the attendant environmental and community impacts. The region has collectively estimated the infrastructure need at $26 billion.[10] The cost of environmental mitigation – for the impacts of growth as well as to remedy existing impacts – has been variously estimated at anywhere from $4 billion to $40 billion. It is clear that innovative approaches will be needed for funding and financing these efforts.

The local impact of international trade is a national issue not just because it is an outcome of federal policy, but also because it is a problem experienced – though perhaps to a lesser degree – by other areas around the country. In 2000, Southern California, by handling a large proportion of the nation's international maritime trade, supported 2 million jobs nationally that paid over $61 billion in income. In that year, Southern California trade provided the nation with $208 billion in economic output and generated $16.4 billion in state and local tax revenues.[11]

Many localized impacts are a direct result of past federal trade policy and relate to benefits received by the rest of the nation. Hence it is a federal responsibility to cooperate with state, regional, and local governments to address these impacts. To provide for this cooperation, an effort is currently underway to establish a collaborative process among affected local, state and national agencies and interests to focus on the environmental impacts attendant to increased imported goods movement within Southern California. A proposed Memorandum of Understanding (MOU) for this purpose is currently being discussed by the regional transportation agencies with the key State and federal agencies. This MOU would provide a significant opportunity, a case study, for the federal agencies to better understand and address the local impacts attending such international trade agreements.

## *A. Possible Federal Support*

There are several ways in which the federal government can support the region in constructively addressing local impacts of serving as an international trade gateway.

- **Improved and expedited environmental review processes under the National Environmental Policy Act (NEPA)**

Thoughtful, coordinated and expedited NEPA scoping and reviews of elements of the Southern California goods movement strategy could provide a framework for developing regional goods movement solutions that honor the objectives of the act: "a productive harmony between humans and nature, and the fulfillment of social, economic and other requirements of present and future generations of Americans."

We also would anticipate that the elements of the strategy that are nationally critical investments would receive the benefit of expedited federal NEPA reviews, as available and provided for under Executive Order 13274.

[10] See "Southern California Regional Strategy for Goods Movement: A Plan for Action," February 2005, at http://scag.ca.gov/goodsmove/pdf/GoodsmovePaper0305.pdf.
[11] OnTrac Trade Impact Study, BST Associates in collaboration with Los Angeles County Economic Development Corporation, December 2002.

- **Control of pollution sources under federal jurisdiction**

It is imperative that the federal agencies, in coordination with State and local agencies, take aggressive and expeditious action to more effectively control sources of the anticipated increased emissions under federal jurisdiction – including locomotives, trucks, aircraft, and other equipment used in goods movement. Several efforts focused on the regulation of diesel emissions are underway, and these should be encouraged and expeditiously furthered. From a political standpoint, it is predictable that unless these health effects are fully addressed, communities near the ports, railyards, and distribution centers will not allow any new freight projects to proceed. In this event, the region will be even less able to serve as an international gateway for trade from Thailand or any other region.

- **Support for innovative funding approaches**

Collaboration may extend as well to the exploration and implementation of both Administration and legislative programs in support of funding capabilities. These programs and actions could include:

  - Federal appropriations and earmarks for Southern California freight-related projects to reflect the national interest at stake;

  - Programs to increase the capability for public-private partnership investment, such as expanding eligibility for TIFIA[12], providing for tax-exempt private activity bonds and tax-credit bonds for goods movement projects, and exploring tax credit equity arrangements.[13]

  - Clearing any obstacles that could prevent the adoption of private user fees as a source of project revenue and as a mechanism to internalize costs.

It must be emphasized that even if the state issues bonds such as those now under consideration (for example, SB 1024), this will not reduce the need for these federal actions. The bonds, if approved, would amount only to a "down payment" on the total regional need.

- **Federal action to control vessel emissions**

The United States may not have jurisdiction over foreign-owned vessels carrying imported goods. However, the federal government can act in this arena. Specifically, we urge immediate Senate ratification of Annex VI to MARPOL, the International Maritime Organization's Marine Pollution Treaty, which relates to the sulfur content of vessel fuels. Once this treaty annex is ratified, a North American Sulfur Emissions Control Area (SECA) can be established, within which vessels will be required to use lower-sulfur fuel, thus reducing on-shore impacts. Adopting a SECA for the entire continent will avoid any differential impact to shipping on one coast versus another.

[12] Transportation Infrastructure Finance and Innovation Act of 1998

[13] For further details on these and related mechanisms, see "Southern California Regional Strategy for Goods Movement: A Plan for Action," February 2005, at http://scag.ca.gov/goodsmove/pdf/GoodsmovePaper0305.pdf.

- **Collaborative implementation strategies**

In some cases, it may be desirable to develop collaborative implementation strategies and institutional arrangements. An example of such an arrangement is the California Natural Community Conservation Planning effort. In this effort, the Department of Interior and State and local agencies have collaborated to implement a regional-scale habitat conservation planning approach to conserve regional biodiversity in San Diego, Orange and Riverside Counties. Similar regional institutions might be developed for providing expeditious and effective ways to effect air quality, community, and biodiversity mitigation objectives.

### *B. Additional Considerations*

As mentioned earlier, the U.S.-Thailand FTA offers an opportunity to negotiate further agreement provisions that would have beneficial environmental effects in Southern California. For example, since the MARPOL Annex VI fuel sulfur standards are relatively moderate, the United States could use this FTA to provide for more aggressive fuel standards. The United States could also take this opportunity to explore requiring alternative vessel fuels, retrofits of emission control equipment in or near port, the use of vessels equipped for alternative maritime power (shore-side power), and vessel speed reduction.

## IV. Conclusion

We appreciate the opportunity to comment on the IER for the US-Thailand FTA. We hope and trust that the Office of the Trade Representative will understand and appreciate the concerns that we raise and our sincere interest in having this Office and other key federal agencies cooperate with us in addressing them. If you have any questions, please contact Nancy Pfeffer at pfeffer@scag.ca.gov or 213-236-1869.